

## **DRAFT** HIGHLIGHTS: 1993 FINANCIAL RESULTS

- Philip Morris Companies Inc. took aggressive action in 1993 to enhance its prospects for long-term profitable growth: it successfully implemented a domestic tobacco pricing strategy to protect its premium brands, and accelerated cost-reduction efforts in each of its business segments.
- According to November Nielsen data, **U.S. retail share of Marlboro**, the world's best-selling cigarette brand, **grew to 26.6%**, up from a low of 21.5% in March 1993 prior to the strategy announcement.
- The company had **1993 operating revenues of \$60.9 billion, up 3.0%** from the \$59.1 billion recorded in 1992, despite adverse currency movements. The increase reflects the company's continuing successful global expansion and the strength of its core businesses.
- The company generated **\$6.4 billion in consumer products operating cash flow** for the year, exceeding the 1992 total by approximately \$150 million. **Consumer products free cash flow was approximately \$2.7 billion**, while consolidated free cash flow, including financial services and real estate, exceeded \$3 billion.
- **Consolidated operating companies income** was down **15.0%** to \$9.3 billion, from \$11.0 billion in 1992, the result of lower domestic tobacco pricing and a substantial marketing investment in **Marlboro**. **Excluding domestic tobacco**, the company's other businesses performed strongly, with **operating income up 12.9%** in aggregate, despite sluggish economies in the company's major markets and adverse currency movements.
- **Net earnings** were down by **18.1%** to \$4.0 billion, and **net earnings per share were down 15.6%**, to \$4.60 per share, excluding previously announced charges for a restructuring and an accounting change. Including the charges, reported net earnings and net earnings per share were down 37.4% and 35.4%, respectively.
- Charges announced in the fourth quarter totaled \$457 million, after taxes, for the restructuring and \$495 million, after taxes, for adoption of SFAS No. 112, primarily to cover severance payments. **The two charges lowered 1993 net earnings by \$952 million, or \$1.08 per share.**

2645377423